
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, December 17, 2008**

A meeting of the Board of Administration was held on Wednesday, December 17, 2008, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:07 a.m. by Board President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President
George Diehr
Marjorie Berte
Terry McGuire representing John Chiang
Greg Beatty representing David Gilb
Henry Jones
Grant Boyken representing Bill Lockyer
Priya Mathur
Lou Moret
Tony Oliveira
Anne Sheehan
Kurato Shimada
Charles Valdes

AGENDA ITEM 3 – APPROVAL OF THE NOVEMBER 20, 2008 MEETING MINUTES

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the November Board minutes.

AGENDA ITEM 4 – INTERIM CHIEF INVESTMENT OFFICER'S REPORT

Anne Stausboll, Interim Chief Investment Officer, presented this report to the Board.

For fiscal year to date through November 30, the total fund net return was negative 23.8 percent relative to the benchmark of negative 22 percent. As of November 30, our three-year return was negative 2.4 percent and the five and ten year returns were both 3.6 percent. As of market close on December 15, the market value of the total fund was \$182.6 billion.

AGENDA ITEM 5 – INVESTMENT COMMITTEE

George Diehr, Chair, Investment Committee, presented the Committee Summary report (attached) to the Board. The Committee met on Monday, December 15, 2008.

Additional information may be found in the December 15, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for February 17, 2009 in Sacramento, California.

AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

Kurato Shimada, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, December 16, 2008.

Additional information may be found in the December 16, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Sponsor legislation to make minor policy and technical amendments to the Government Code.
- Prepare and file an application with the IRS for plan determination letters at a future meeting, after additional information is collected.
- EFI's certification of the Judge's Retirement System.
- EFI's certification of the Judge's Retirement System II.
- EFI's certification of the Legislators' Retirement System.
- EFI's certification of the 1959 Survivor Benefit Program.
- Proposed amendments to regulations for risk pools.

The next Benefits and Program Administration Committee is scheduled for February 18, 2009 in Sacramento, California.

AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, December 16, 2008.

Additional information may be found in the December 16, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Health Benefits Committee meeting is scheduled for February 18, 2009 in Sacramento, California.

AGENDA ITEM 8 – FINANCE COMMITTEE

Tony Oliveira, Chair, Finance Committee presented the Committee Summary report to the Board. The Committee met on Tuesday, December 16, 2008.

On Motions by the Committee, the Board approved the following:

- Revised draft Management's Discussion and Analysis for the year ended June 30, 2008, including amendments on pages 22 and 23 of the agenda item.
- [1] Acceptance of the proposed CalPERS fiscal year 2008-2009 Mid-Year Budget Revisions, second reading. Russell Fong, Chief, Fiscal Services Division, presented the mid-year budget revisions to the Committee as an action item.

[2] Acceptance of the proposed CalPERS fiscal years 2008-2009 mid-year increase of \$2,292,000 included in the first reading, and an additional \$6,290,000 as part of the second reading for a total

of \$8,582,000 to the Enterprise Projects Building Budget for a total budget of \$151,835,000 and recommend the Board approve the budget as a second reading.

[3] Acceptance of the proposed years 2008-2009 mid-year increase of \$700,000 to the CalPERS Headquarters Building Account budget for a total budget of \$36,881,000 and recommend the Board approve the budget as a second reading.

[4] Transmittal of this agenda item to the Joint Legislative Budget Committee and Fiscal Committees of the Legislature, the State Controller and the Department of Finance in accordance with years 2008-2009 Budget Act and to the Legislative Analyst's Office and the State and Consumer Services Agency.

- Transmittal letter and submission of the Budget and Expenditure Report through the first quarter of years 2008-2009, including the correction to Attachment number 6, to the Joint Legislative Budget Committee, Fiscal committees of the Legislature, the State Controller and the Department of Finance in accordance with the Budget Act of 2008, and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel

The next Finance Committee meeting is scheduled for February 18, 2009 in Sacramento, California.

AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE

The committee did not meet

AGENDA ITEM 10 – BOARD MEETING CALENDAR

No changes were made.

AGENDA ITEM 11 – INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

Ken Marzion reported on the following:

- Newly remodeled Café
- CSECC and a presentation of a check to United Way

AGENDA ITEM 12 – PENSION SYSTEM RESUMPTION (PSR) PROJECT UPDATE

Teri Bennett, Assistant Executive Officer, Information Technology Services Branch, gave a status report on the PSR project.

AGENDA ITEM 13 – BOARD'S STATE LEGISLATIVE PROGRAM/BOARD'S POSITION ON STATE LEGISLATION

Danny Brown, Interim Chief, Governmental Affairs gave an update on various litigation bills and Committee Chairs.

AGENDA ITEM 14 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION

Tom Lussier, CalPERS Federal Legislative Liaison gave updates on the following items:

- Pension Protection Act of 2006
- Pension reform
- Long-term capital market regulation and oversight reform

AGENDA ITEM 15 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

ON MOTION by George Diehr, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation on items 15 A – H. Ms. Berte abstained on Items B and F.

AGENDA ITEM 16 – PETITION FOR RECONSIDERATION

ON MOTION by George Diehr, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation on item 16A.

AGENDA ITEM 17 – PRECEDENTIAL DECISION

ON MOTION by George Diehr, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation for the Cameron Eckles case.

AGENDA ITEM 19 – GENERAL COUNSEL’S REPORT

Peter Mixon announced Warren Astleford as the new Assistant Chief Counsel over the Opinion and Advice Unit.

AGENDA ITEM 21 – BOARD TRAVEL APPROVALS

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the travel requests.

AGENDA ITEM 22 – DRAFT AGENDA FOR THE FEBRUARY 19, 2009 MEETING

No comments

AGENDA ITEM 23 – NEW BUSINESS AGENDA SETTING

No comments

AGENDA ITEM 23 – PUBLIC COMMENTS

Dennis Yates commented on employee surveillance and inquired if a resolution had been made.

Winn Williams commented with an update about possible reinstatement with his former employer.

Rob Feckner paid special tribute to the retirement of Kathie Vaughn and her achievements at CalPERS.

AGENDA ITEM 18 – FULL BOARD HEARING – ROBERT WILSON

ON MOTION by Charles Valdes, **SECONDED** and **CARRIED**, the Board adopted staff's recommendation to decline to adopt the Proposed Decision, in favor of its own decision, after conducting a full hearing in accordance with its policies, concerning the request for membership eligibility by Respondent Robert C. Wilson.

AGENDA ITEM 20 - CLOSED SESSION

The Board of Administration recessed into closed session at 12:25 p.m.

There being nothing further to come before the Board of Administration, the meeting adjourned at 12:30 p.m.